

#3545
R

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

June 10, 2010

TO: Internal File

THRU: Priscilla Burton, En Sci III, Soils, Team Lead *PWB by SOS*
James D. Smith, En Sci III, Hydrology, Permit Supervisor *JS 15 June 10*

FROM: Peter Hess, En Sci III, Engineering / Bonding *PHH by SOS*

RE: RAIL LOADOUT ASPHALT AND CONCRETE, Canyon Fuel Company, LLC, Skyline Mine, C/007/005, Task ID #3545

SUMMARY:

The Permittee submitted an application to the Division on May 11, 2010 to install additional asphalt on the light truck / empty end of the rail loadout loading facility and concrete on the heavy / loaded end of the rail loading facility. The purpose of the paving is to reduce fugitive dust emissions caused by heavy truck traffic.

The truck ingress / egress approaches are within the UDOT State Road 96 Right-of-Way. However, the Permittee has a letter of record on file (Included as Page 3-70 in the MRP), which states that no additional approvals from UDOT are necessary for Canyon Fuel Company to use those approaches onto or from SR-96.

This modification will allow the Permittee to run trucks under the rail loadout building and across the weigh scales for the purpose of determining tare and loaded truck weights.

The Permittee has submitted revised pages 3-69 and 3-71 (which are the Alternate Sediment Control Area descriptions for the in/out travel ways), a revised Map No. 3.2.1-3, LOADOUT FACILITIES, DRAINAGE AND PERMIT BOUNDARY MAP, and revised demolition cost sheets to include the reclamation of the additional asphalt and concrete volumes.

The Permittee withdrew the original application, Task ID # 3544 on May 19, 2010, and resubmitted revised information as Task ID # 3545 on that same day. Drawing # 3.2.1-3, LOADOUT FACILITIES, DRAINAGE AND PERMIT BOUNDARY MAP was not re-submitted with the new application, as the drawing submitted with Task ID # 3544 was not changed. 3.2.1-3 should be separated from TID # 3544 and inserted into the TID # 3545 application.

The Task ID # 3545 application contains both redline / strikeout page revisions, as well as clean copies which can be incorporated upon Division approval of this application.

This memo will address the revised surface facilities map and the revised bond calculations.

TECHNICAL ANALYSIS:

OPERATION PLAN

MAPS, PLANS, AND CROSS SECTIONS OF MINING OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-512, -301-521, -301-542, -301-632, -301-731, -302-323.

Analysis:

The Permittee submitted a revised Drawing # 3.2.1-3 LOADOUT FACILITIES, DRAINAGE AND PERMIT BOUNDARY MAP, which highlights the areas where additional paving is to occur in the rail loadout area. The Permittee intends to install 2,800 square feet of asphalt and 2,600 square feet of concrete at the following locations:

- 1) asphalt at the south entrance of the RLO off SR 96 (Area 19);
- 2) asphalt for a small road shoulder on the west side of SR96 east of the sedimentation pond (Area 22a);
- 3) concrete will be implemented at the north RLO entrance off SR 96 (Area 18).

The need for the installation of additional paving is based on the Permittee's desire to further reduce fugitive dust emissions from heavy truck traffic in the rail loadout area.

Drawing # 3.2.1-3 is P.E. certified by Mr. Carl W. Winters, Utah registered professional engineer. The stamp contains a signature and date, in accordance with the requirements of the Utah Division of Occupational and Professional Licensing. Drawing # 3.2.1-3 meets the requirements of R645-301-512.120, certification of surface facilities maps and R645-301-521.164, coal-loading areas identified on Surface Facilities Maps.

Findings:

Drawing # 3.2.1-3, LOADOUT FACILITIES, DRAINAGE AND PERMIT BOUNDARY MAP meets the minimum regulatory requirements of the R645 Coal Mining Rules.

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

Form of Bond

The bond, which is currently posted to ensure the reclamation of the Skyline Mine, is a surety amounting to \$ 5,137,000.00 in 2009 dollars. The surety is carried by the St. Paul Fire and Marine Insurance Company (Policy # 400SA1919). St. Paul Fire and Marine maintains an A.M. Best rating of A+ as of March 31, 2010.

Determination of Bond Amount

The Permittee submitted revised demolition cost pages to revise the total demolition cost for the Skyline Mine, increasing that direct cost estimate by \$ 4,276.00. This is the amount of 2010 dollars necessary to reclaim, load and dispose of on site 150 cubic yards of concrete, or 4,727 square feet of paving (thickness of 0.66 feet, or approximately 8 inches).

Unit costs for loading, hauling and disposal on site were updated using 2009 R.S. Means cost data information

Unit costs for removal, loading and disposal (ECDC cost of \$35 per ton utilized) of 15,371 square feet of asphalt (this figure includes the 2800 square feet of new asphalt added in this proposal) have been updated using 2009 R.S. Mean's figures.

The total revised costs for the Rail Loadout Facility concrete and paving reclamation and disposal are \$ 3086 for concrete and \$ 3730 for asphalt. The two amounts total \$ 6,816.00.

The Task ID # 3360 Demolition and Removal Total for the demolition was determined at \$ 1,939,843.00. This, plus the additional \$ 4,276.00 brings the total direct cost for demolition and removal of the Skyline surface facilities to \$ 1,944,118.00.

Backfilling and grading costs and revegetation costs have remained constant at \$ 941,073.00 and \$ 876,537.00 respectively.

Indirect total costs estimated at 26.8 % amount to \$ 1,008,143.00.

The total cost in 2010 dollars amounts to \$ 4,769,871.00.

The escalated dollar amount for 4 years at .05 % (escalated to 2014, which is the next midterm review) is \$ 95,397.42.

The total reclamation cost escalated to 2014 is calculated at \$ 4,865,000.00 (rounded to the nearest \$ 1,000).

The current bond amount posted by Canyon Fuel Company, LLC for the reclamation of the Skyline Mine is \$ 5,137,000.00 (2009 dollars).

The Permittee has a sufficient amount of posted bond in place to allow for the additional asphalt and concrete paving at the rail loadout facility.

The Division should approve this application.

Terms and Conditions for Liability Insurance

The Permittee maintains general liability insurance coverage through the National Union Fire Insurance Company Policy # GLO93-61-11. The term coverage is renewed annually.

Findings:

The reclamation costs are within the amount of bond currently provided for reclamation of the mine. The Division should approve this application.

RECOMMENDATION:

The Permittee has adequately addressed the requirements of the R645 Coal Mining Rules. The Division should approve this application.